CUSTOMER NOTICE

DECEMBER 22, 1994
C-#765

TO: ALL OUR DOMESTIC AND MILITARY DIRECT BUYING CUSTOMERS

AMERICAN TOBACCO ACQUISITION

I am very pleased to report to you that B.A.T Industries today acquired the American Tobacco Company for $1 billion.

This is very good news for our company. At retail, Brown & Williamson now takes ownership of some of the most competitive brands on the market, including *CARLTON, MISTY, MONTCLAIR, PRIME, PRIVATE STOCK, LUCKY STRIKE* and *PALL MALL*.

Over the next several weeks, your B&W representative will contact you with more details about servicing for your account. Until we advise you differently, please continue to place orders and make payments to American Tobacco as you have done in the past. You should also continue to process returned goods through American. Terms and conditions of sale on American products will continue as present until further notice, but B&W sales allocation policies will take effect immediately.

The existing American Tobacco wholesale incentive program, "American Performers 94 Program," will remain in effect unchanged until March 31, 1995. All American Tobacco wholesale incentive program payments will be delivered during the first quarter of 1995.

Our highest priority continues to be that we will provide superior consumer satisfaction through the highest quality products and services -- a goal that we believe will help our company meet the substantial competitive challenges ahead of us.

I want to take this opportunity to thank you for your contribution to Brown & Williamson's success. The partnership we share with our customers is one of the most important ingredients in Brown & Williamson's success.

Sincerely,

T. E. Sandefur, Jr.

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